

Minutes

RTA External & Stakeholder Relations & Advocacy Committee Meeting

9:07 a.m., October 22, 2019

Committee: McCall (Chair), Lucas (Vice Chair), Bibb, Byrne, Welo

Other Board members: Clough, Joyce, Moss, Serrano

Not present: None

Also Present: Astolfi, Barnes, Benford, Bennett, Beveridge, Birdsong, Bridges, Brooks-Williams, Burney, Caver, Cranford, Dangelo, Davidson, Davis (C), Davis (J), Feliciano, Ferraro, Fields, Flannery, Garofoli, Gautam, Gibbon, Gray, Hallom, Jaszczak, Johnson, Jones, Keshtkaran, Kirkland, Krecic, Liptur, Loh, Lyon-Stadler, McGann, McGrady, Miller, Milliron, Mozba, Pickett, Pinkney-Butts, Ponder, Schipper, Scruggs, Shariff, Stover, Stocking, Sutula, Swain, Tarka, Taylor, Vukmanic, Washington, Wilson, Winn, Woodford, Young, Zeller

Chief McCall called the meeting to order at 9:07 a.m. The secretary called the roll and reported that four (4) committee members were present. Rev. Lucas arrived after the roll call.

GCP Financial & Economic Forecast

Alesha Washington, Vice President of Government Advocacy of the Greater Cleveland Partnership (GCP), Simon Mozba and Nancy Lyon-Stadler from WSP and Martin McGann of GCP will be speaking today. The work is wrapping up on this study. This was a collaboration to think about the new vision for the RTA system. They have done this type of work with the City of Cleveland and Cleveland School System. They brought their members together about a number of core functions to provide expertise and guidance where efficiencies could be found and to maximize resources.

WSP presented the highlights of the key findings and recommendations for the study. The study was organized around six research questions?

1. How does RTA compare to its peers?
2. What are the economic and political risks RTA faces?
3. What are the financial issues RTA faces?
4. What potential efficiencies could increase financial performance, and what strategies could maximize revenue?
5. What are current Key Performance Indicators and what processes and/or other indicators can be implemented?
6. What are current and potential future local funding mechanisms for transit? How could state and federal funding affect the RTA's finances?

RTA ridership has declined faster than the regional population due to the spread and scattering of jobs across the county. Employment in the region has shifted away from downtown and areas served by rail. It has made it more difficult for RTA to serve efficiently, including in transit dependent populations. How does RTA compare to its peers? The list of peers include mostly

mid-west and Great Lakes agencies. They looked at agencies with similar mix of modes to compare cost. They found that labor cost are well contained and BRT performance has been strong compared to peers. Rail service cost is very much in line with peers and lower in some cases, but service offered was not in line with ridership. Areas where cost was higher than peers was administrative cost and Paratransit cost per trip provided by RTA. They interviewed internal and external stakeholders like NOACA and other agencies. RTA is facing major risk regarding its funding sources. There is also an issue they perceive from stakeholders around quality of communication around RTA's goals and concern about demographic changes affecting RTA's prospects. There is also risk regarding aging assets and funding sources. Opportunities exist to redesign and rethink the operations and leveraging growth in certain areas and along the rail corridors to have more Transit Oriented Development (TOD).

Based on RTA's data, there is a limited deficit for the next 10 years. On the capital side, certain capital revenues are not competitive. It is really low compared to the needs. There are some opportunities that could free up money for operations and management. Compared to their peers, RTA's general and administrative cost are significantly higher. A deeper dive is needed to see how this could be changed. Paratransit trips are significantly higher than peers and much higher than the currently privately operated trips. This is an area that could free up \$8 M for operation and maintenance. There is potential for cost reduction and enhanced ridership revenue through redesigning operations and financial reinvesting in the rail infrastructure to increase reliability. Other opportunities they haven't quantified in terms of real estate and partnerships to better serve low density areas in the County.

Another recommendation is for TOD. RTA has had great success in terms of the HealthLine, reconstruction and improvement of stations. In order to move the region towards economic development along rail corridors, there is a need for broad coalition between government, business and nonprofit sectors in coordination with RTA. This coalition is needed to develop incentives to encourage redevelopment and locate jobs in downtown Cleveland and around major transit services, including rail. RTA has a very advanced performance tracking system and very good indicators, but lacks in communicating it to the employees and public to increase information, to enhance RTA's image and to build trust by increasing transparency of the organization.

They looked at how RTA compares to its peers in terms of non-federal funding. There is a strong reliance on local funding as opposed to state funding. Columbus, Cleveland, Cincinnati and St. Louis almost exclusively rely on local funding for operations. The other peer agencies have a more of a mix between state and local funding. A lot of the peer agencies use general funds, whereas RTA relies significantly on Sales Tax. Other agencies rely on a mix of funding sources. For example, Buffalo relies on sales tax, property tax and tolls. Reliance on a combination of sources helps to mitigate risk. General fund, income tax, sales tax, property tax, tolls, and vehicle registration fees are the most common funding sources to pay for transit across the U.S.

In summary, the work GCP did with RTA is against a backdrop of other work within their organization as a result of a strategic plan they finalized in late 2017. They released a tax study as an organization that spoke about the competitive issues in the region and the disproportionate tax burden that the public and employers pay. This RTA study is in line with their tax study. They outlined their position on future tax levies and the need for a higher bar in how the public addresses and how agencies seek their support for tax increases. They have supported six out of the last seven signature tax increases in the region. Several other tax

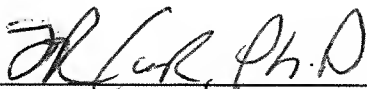
increase initiatives are on the horizon over the next 13 months. They are wrestling with this. They want to set up a comprehensive discussion of the community needs. They have been talking about structural reforms they can examine as an organization and a community on how to govern differently as a result of a 30% population decrease over the last 50 years. They will continue working on those efforts.

Mr. Bibb asked what GCP's viewpoint is on how best to collaborate with RTA moving forward, to identify what recommendations to operationalize and how to garner the regional partnership to increase the importance and future investment in public transit at the city and county level. Marty said that close communication is needed over the next several months as RTA begins to dive into some of the recommendations. Chief McCall requested they receive the final report and possible follow-up committee meeting. Mayor Welo said a number of recommendations they were aware of. She asked if they could work with RTA to lobby in Columbus about the importance of public transportation. Marty said they withheld support for the tax proposal from the State this year when they were going to increase the gas tax. They held out until they addressed transit. The State could always do more, but they significantly enhanced the contribution to transit, more than in prior years. They will continue to work with RTA.

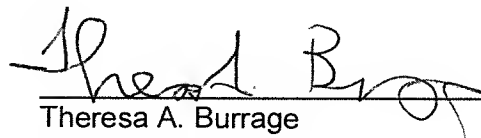
Mayor Clough thanked the GCP and agreed that the Board recognized a lot of the issues and recommendations. She asked if the administrative cost was more due to the number of employees or compensation. Simon said that compensation was in line with peers. They found that it was the number of work hours and number of employees. RTA accounts for administrative staff differently compared to other agencies. RTA had more administrative staff compared to other agencies. Chief McCall said if compared to other legacy systems with the same issues, the list would look differently. She ask that the demographics of the other agencies be broken out. Mayor Welo asked what they used to measure the administrative cost. He said they total operating cost based on the National Transit Database (NTD) which is a standard for FTA. The looked at operations, maintenance (vehicle and non-vehicle) and general administration. She asked if agencies can choose how they do their reporting. He said that FTA has certain guidelines on reporting administrative cost.

Ms. Birdsong said the staff would be reviewing the report. They have the draft. The final report will be given to the Board. She added that NTD sets the baseline, but there are discrepancies between groups, so they will look at that. She is interested in streamlining the administrative cost if they look at hours per project and per capita. RTA is a member of American Bus Benchmarking Group (ABBG). This provides a good breakdown of the peer review and whether RTA can be compared to other agencies. This can be broken out and presented at a future meeting. Chief McCall asked that this be overlayed with the draft report for comparison. Ms. Birdsong said Paratransit Director Nick Davidson met with her and identified several metrics that can be improved. She appreciates the recommendations to outsource, but wants to ensure work is being done internally.

Chief McCall adjourned the meeting at 9:36 a.m.



Floun'say R. Caver, Ph.D.
Interim Secretary/Treasurer



Theresa A. Burrage
Executive Secretary